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Testimony of Stefan D. Stein  
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On behalf of  
Satellite Broadcasting & Communications Association  
ViaSat, Inc. and ViaSat Communications, Inc.  
Hughes Network Systems LLC

Before the State of Colorado General Assembly  
Committee on State, Veterans & Military Affairs  
Regarding SB13-287  
May 1, 2013

Chairwoman Giron, Vice Chair Jones and members of the Committee, I thank you for the opportunity to provide this written testimony today.

My name is Stefan Stein, and I am the General Counsel of ViaSat Communications, Inc. I testify today on behalf of ViaSat, Hughes Network Systems LLC, and the Satellite Broadcasting & Communications Association of America ("SBCA").

ViaSat is a provider of innovative satellite and other digital communication products that enable fast, secure and efficient communications to any location. ViaSat brings today's new communication applications to people out of reach of terrestrial networks in both the commercial and government sectors. ViaSat's Exede Internet and WildBlue services for residential subscribers are based in Englewood, Colorado, along with network operations, customer support and sales functions. ViaSat employs approximately 360 people in Colorado.

The SBCA is a national trade organization that represents the consumer satellite industry. SBCA is composed of satellite service providers and satellite internet providers (Hughes and ViaSat), equipment manufacturers, distributors, retailers, and national and regional distribution companies.

SBCA respectfully opposes Senate Bill 13-287.

We believe that this bill will harm the deployment of broadband in underserved and unserved sections of Colorado because it excludes satellite broadband from the definition of broadband networks. As a result, satellite broadband services will be prohibited from drawing from the broadband fund and will be denied sales tax relief. We do not believe that is sound public policy.

There is a mistaken belief that Colorado consumers in rural, remote and underserved portions of the country do not have access to competitive, cost-effective broadband services. While that might have been true 10 years ago, that is no longer the case. Broadband satellite services provide the same, if not better performance and speeds as terrestrial DSL broadband in those areas and without the substantial build-out costs associated with fiber or terrestrial wireless.

It's ironic that by excluding satellite, consumers in underserved and unserved areas will have to wait longer for access to high speed internet service. Whereas other providers will have to first build or expand facilities, the infrastructure for broadband satellite service is available today. The time and expense of waiting for others to build out in Colorado is unnecessary.

There are two providers of Ka band broadband satellite services available in remote and underserved areas of Colorado. Those services offer speeds of upwards of 10-15 Mbps, at a price as low as \$40 or \$50 a month. Hughes Network Systems, which is a subsidiary of Colorado based Echostar, has announced plans to launch a second satellite. ViaSat has one Ka band satellite covering the United States and is considering its future deployment plans.

In addition to excluding satellite providers, SBCA also objects to the bill because it denies satellite internet providers sales tax relief on broadband equipment used in unserved areas. It is unfair to grant tax relief to one sector of the industry and not another, especially when that sector's service is available today. Simply put, SB 13-287 provides high cost support and sales tax relief to other broadband competitors thereby giving them a cost advantage over satellite internet providers in the market.

Satellite is not asking for state funding. But if the state is going to create a broadband fund, we respectfully urge you to develop a fund that is technology neutral. This will allow all competitors to compete for those funds fairly and ultimately provide services and choice to consumers in Colorado.

Creating such a discriminatory regime is a hard pill to swallow since ViaSat's consumer broadband operations are based in Colorado and Hughes is a subsidiary of a Colorado company. If consumers choose a wireless or wireline service provider because of the economic advantages created by SB 13-287, that shift could impact jobs right here in Colorado. The consequences of these policy decisions must be fully considered before the Legislature acts.

SBCA, Hughes Networks and ViaSat respectfully urge the Committee to oppose SB13-287. Thank you.